Japan

Indicators of Regulatory Policy and Governance 2021







Overview and recent developments

Japan has made notable efforts to improve its regulatory environment. In 2017, the government stressed its commitment to regulatory reform by introducing a Basic Program on Reducing Administrative Burden. The programme is linked to Japan's Revitalization Strategy (2016) and aims to introduce new frameworks, principles, and mechanisms for regulatory and institutional reform, with the view of achieving the programme's intended targets and objectives by 2019. The programme was reviewed by the Subcommittee for Administrative Burden Reduction in 2017, which assessed its impacts and set a revised goal of reducing costs on businesses by at least 20% by 2020, and the government reported more than a 25% reduction was achieved in March of the year. Japan has also revised its Implementation Guidelines for Policy Evaluation of Regulations in 2017, updating the 2007 guidelines. This further elaborates on the information and criteria for quantifying and qualifying impacts and costs, including the various techniques and processes that ministries can adopt under specific circumstances. Moreover, it specifies what is subject to RIA, introducing a qualitative threshold to determine whether RIA was undertaken.

The number of *ex post* evaluations has increased for both primary laws and subordinate regulations since 2017. The 2017 guidelines also clearly define the necessity of conducting reviews within five years unless otherwise legally stipulated, with reviews automatically triggered if a RIA was conducted. The review then uses the original RIA as the baseline to

determine whether expected impacts materialised. The linking of *ex ante* and *ex post* assessments also provides the opportunity to better engage with stakeholders, though stakeholders are only sometimes consulted for *ex post* evaluations. Japan also now allows stakeholders to submit comments for some consultations on subordinate regulations electronically.

Japan's regulatory policy includes two important bodies. One is the Council for Promotion of Regulatory Reform, which is an advisory board to the Prime Minister set up in the Cabinet Office. The functions are: (1) to investigate regulatory issues needed for structural reform, and (2) to submit a recommendation to the Prime Minister. The other important body is the Administrative Evaluation Bureau of the Ministry of Internal Affairs and Communications responsible for planning, managing, and scrutinizing RIAs and *ex post* evaluations as well as for establishing guidelines and platforms for these.

An interactive website is available for the public to access relevant documents, such as impact assessments, and provide comments on draft subordinate regulations. Japan also has other methods such as the utilisation of Councils to gather opinions of stakeholders. Japan would benefit from extending existing efforts to engage with stakeholders to the process of developing primary laws, for example through public online consultations on the interactive government website.

Indicators of Regulatory Policy and Governance (iREG): Japan, 2021



Notes: The more regulatory practices as advocated in the <u>OECD Recommendation on Regulatory Policy and Governance</u> a country has implemented, the higher its iREG score. The indicators on stakeholder engagement and RIA for primary laws only cover those initiated by the executive (74% of all primary laws in Japan). Source: Indicators of Regulatory Policy and Governance Surveys 2017 and 2021, http://oe.cd/ireg.

Japan: Transparency throughout the policy cycle



Inform the public in advance that:

A public consultation is planned to take place	Never
Regulatory impact assessment (RIA) is due to take place	No
Ex post evaluations are planned to take place	All



Consult with stakeholders on:

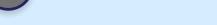
Draft regulations	Never
Evaluations of existing regulations	Some



Publish online:

Ongoing consultations*	No
Views of participants in the consultation process	No
RIAs	All
Evaluations of existing regulations	Yes





Policy makers use: Interactive website(s) to consult with stakeholders Website(s) for the public to

make recommendations on existing regulations

Policy makers provide a public response to:

Consultation comments	No
Recommendations made in	Never
ex post evaluations	ivever

^{*} Publish on a single central government website.

Note: The data reflects Japan's practices regarding primary laws initiated by the executive. Source: Indicators of Regulatory Policy and Governance Survey 2021, http://oe.cd/ireg.



THE OECD REGULATORY INDICATORS SURVEY AND THE IREG COMPOSITE INDICATORS

The data presented in the 2021 Regulatory Policy Outlook are the results of the 2014, 2017 and 2021 Indicators of Regulatory Policy and Governance (iREG) surveys.

The iREG survey investigates in detail three principles of the 2012 OECD Recommendation of the Council on Regulatory Policy and Governance: stakeholder engagement, regulatory impact assessment (RIA) and *ex post* evaluation. Three composite indicators were developed based on information collected through the surveys for these areas. Each composite indicator is composed of four equally weighted categories:

- Systematic adoption comprises formal requirements and how often these requirements are conducted in practice;
- Methodology presents information on the methods used in each area, e.g. the type of impacts assessed or how frequently different forms of consultation are used;
- Oversight and quality control reflects the role of oversight bodies and publicly available evaluations; and
- Transparency comprises information which relates to the principles of open government e.g. whether government decisions are made publicly available.

The data underlying the composite indicators reflect practices and requirements in place at the national level of government, as of 1 January 2021. The indicators for stakeholder engagement and RIA relate to regulations initiated by the executive, while the indicator on *ex post* evaluation relates to all regulations. Whilst the indicators provide an overview of a country's regulatory policy system, they cannot fully capture the complex realities of its quality, use and impact. In-depth country reviews are therefore required to complement the indicators and to provide specific recommendations for reform. A full score on the composite indicators does not imply full implementation of the Recommendation. To ensure full transparency, the methodology for constructing the composite indicators and underlying data as well as the results of sensitivity analysis are available publicly on the OECD website (http://oe.cd/ireg).

Related links:

- Regulatory Policy Outlook 2021
- · Indicators and underlying data and methodology
- 2012 Recommendation of the Council on Regulatory Policy and Governance
- OECD Measuring Regulatory Performance Programme
- OECD work on regulatory policy

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